

**MURPHY FAMILY FARMS
M1100**

CONTRACT GROWER AGREEMENT

On this _____ day of _____, 19____, Murphy Farms Inc., a North Carolina corporation, doing business as Murphy Family Farms ("Murphy"), at 2124 - 90th Avenue, P.O. Box 70, Algona, Iowa 50511, and xxxxxxxxxxxx, xxxxxxxxxxxx, of xxxxxxxxxxxx, Iowa, a Contract Grower ("Grower"), mutually agree that Murphy is the owner of certain pigs which will be delivered to the Grower by Murphy. Ownership of these pigs shall at all times remain with Murphy. The parties do mutually contract and agree to the terms and conditions of this Contract Grower Agreement ("Contract") which are hereby set forth:

RECITAL

1. Murphy and Grower are desirous of entering into an agreement which will enhance the quality of life for consumers, grower, employees and owner through the production of quality pork.

2. Murphy is desirous of contract feeding hogs to market weight in buildings generally known as a "M1100" building or substantially similar structure which would include a slat floor, scraper or flush system.

I. "MURPHY" OBLIGATIONS:

- A. Provide feeder pigs to Grower.
- B. Provide for transportation of pigs to and from Grower's premises.
- C. Provide management guidelines to Grower.
- D. Provide feed and necessary medication to Grower and establish minimum standards for health care and preventive maintenance of pigs through manuals or otherwise from time to time.
- E. Perform all marketing functions.
- F. Assist in adequate environmental planning for site and facilities including plans for site windbreaks.
- G. Provide Pork Quality Assurance (PQA) or other appropriate quality training on an annual basis for Grower and training to Grower to implement proper drug inventories and administration documentation through manuals or otherwise from time to time.
- H. Provide payment to Grower based on the terms and formula specified in Section III.

II. "GROWER" OBLIGATIONS:

- A. Execute a Contract Grower Receipt (CGR) each time pigs are delivered to or removed from Grower's premises. Deliver completed CGR to Murphy.
- B. Execute and deliver a written report to Murphy's Production Personnel each month. Grower shall report such reasonable statistical data and information each month as Murphy may from time to time direct through manuals or otherwise. All death loss, however, shall be communicated immediately to Murphy by Grower.
- C. Agree to use good husbandry practices as may be decreed by Murphy from time to time in manuals or otherwise and to provide at the Grower's expense properly maintained facilities. Grower shall at all times practice humane husbandry in the care

of all pigs under his/her care and control. **Grower** shall furnish building as approved by **Murphy**, together with all equipment necessary for the care and maintenance of feeder pigs to raise them to market size, including any equipment necessary for feeding, medication, waste disposal, automatic sprinklers, automatic curtain systems, bulk feed bins, loading chutes and any other equipment and for facilities that are deemed necessary for the proper care and maintenance of the pigs. Provide the labor and supervisors necessary to raise **Murphy** pigs and to load and unload **Murphy** pigs at the **Grower's** premises. **Grower** shall annually conduct all reasonable and necessary repairs and maintenance as required to maintain a quality environment for the pigs. There shall be a minimum of two (2) individuals to help load and unload. **Grower** shall provide water, electricity, bedding, cleaning of animals and facilities, and liability insurance.

- D. Agree that no other swine will be housed on the **Grower's** real estate or structures located on said real estate while the **Contract** is in effect.
- E. Agree that no pigs shall be removed from **Grower's** premises without the advance consent of **Murphy**.
- F. Agree that **Murphy** personnel shall have the right to enter **Grower's** premises to inspect **Murphy** pigs at all times and **Murphy** shall have the right to enter and remove **Murphy** pigs at any time. The **Grower** agrees to grant to **Murphy** or successors in interest permanent access to the property herein described for a period of not less than the term of the **Contract**. **Grower** guarantees to **Murphy** all rights to ingress and egress to provide for proper access to the hog confinement facility on the property legally described below for a period of not less than the term of the **Contract**.
- G. Agree to maintain and renew annual PQA certification or other appropriate quality standards and to administer any animal drugs according to PQA or other quality recommendations.
- H. **Grower** shall properly dispose of all animal nutrients as **Murphy** may specify from time to time on a regular and sufficient basis. **Grower** shall prevent all nuisance that may be created by such disposal and handling of animal nutrients. **Grower** further agrees to comply with all Federal, State, and local environmental laws in the disposal of such animal nutrients. **Grower** shall grant and convey to **Murphy** the right to dispose of all animal nutrients on real estate of not less than 101 acres per M1100 building immediately adjacent to the hog confinement facility for a period of not less than the term of the **Contract**. In the event **Grower** does not own property immediately adjacent to the hog confinement facility, **Grower** shall obtain a lease on real estate of not less than 101 acres for disposal of animal nutrients immediately adjacent or reasonably adjacent to the confinement facility for a period of not less than the term of the **Contract**. **Grower** shall obtain 101 acres for each M1100 or similar structure confinement building constructed or operated by **Grower**. For all required acres, **Grower** shall implement and maintain an environmental file which would be environmentally compatible for disposal of nutrients and consistent with sound agronomy practices as **Murphy** may specify from time to time to be approved by **Murphy** including but not limited to soil testing to determine soil nutrients. The environmental file shall contain but not be limited to the following documents:

1. DNR Permit

2. Construction Permit
3. All Correspondence with Gov't Regulatory Agencies
4. Initial Soil Tests
 - a) Soil Maps and Fertility Maps
 - b) Data Table
5. Annual or Every Other Year Fertility Test Data Table and Corresponding Fertility Maps
6. Manure Tests, Annual or Semi-annual
 - a) Nutrient Analysis
 - b) Amount, Method, and Location Applied
7. Water Usage Data Table
 - a) Amount Used
 - b) Well Sample Analysis Data
8. Maps of Properties Involved
 - a) Location Maps and ASCS Maps
9. Crop Records
 - a) Field Map Indicating Crops Planted
 - b) Commercial Fertilizer, Herbicide, Insecticide Application Rates, Methods and Locations
 - c) Yield Data
 - d) Nutrient Removal Data

If the land used for nutrient disposal is no longer compatible with sound environmental and agronomy practice then **Grower** shall be obligated to apply nutrients to other land which would be compatible. **Grower** will conduct initial soil tests prior to application of nutrients.

- I. **Grower** shall provide and maintain a private water well for the benefit of said hog confinement facility including all rights of access. In the event the private water well is not immediately adjacent to the facility the **Grower** shall guarantee such access and use for a period of not less than the term of the **Contract**. This guarantee shall include obtaining all necessary written agreements to provide for such access and easement for use of a private water well.
- J. **Grower** shall provide and maintain electrical power to said hog confinement facility including all rights of access and easement for use of said electrical power for a period of not less than the term of the **Contract**.
- K. **Grower** shall furnish a certificate of insurance annually to **Murphy** evidencing coverage for general liability insurance with minimum limits of \$1,000,000 per occurrence for bodily injury and property damage. **Grower** shall obtain liability coverage which specifically insures the **Grower** while performing duties of the contract. **Grower** shall maintain insurance coverage for each finishing building for replacement cost (minimum \$120,000 per building). **Grower** shall have a policy which shows cause of loss to be special or equivalent. **Murphy** will be an additional insured. Builders Risk Endorsement shall be purchased by **Grower** while grower units are under construction.
- L. **Grower** agrees that he or she is an independent contractor and is not an agent or employee of **Murphy** as it relates to the activities **Grower** is obligated under this

- agreement. **Murphy Family Farms** and **Grower** understand the intent of the **Contract**. Each party acknowledges, contracts and agrees with the other that each is an independent contractor, neither being an employee, agent, authorized, empowered, not directed to incur any liability, debt or other obligation on behalf of the other, not under the control of each other, except as provided herein as it relates to the activities **Grower** is obligated under this agreement. **Grower** hereby waives all claims of recovery and holds **Murphy** harmless for any losses, personal or real, caused by the **Grower's** management and utilization of livestock, equipment, and supplies provided by **Murphy**.
- M. **Grower** agrees to permit **Murphy** to check **Grower's** credit rating with his bank and other creditors and to provide credit information to **Murphy** upon request. **Grower** also agrees to properly execute a UCC Financing Statement(s) relating to **Murphy** pigs. Credit checks may be made at any time during the term of this **Contract**, which may include but not be limited to tax returns, financial statements and cash flows.
- N. **Grower** shall maintain the facilities, as well as the general area of the facilities in order to perform good animal husbandry practices as **Murphy** may specify through manuals or otherwise from time to time, including but not limited to; mowing grass and weeds; maintain acceptable rodent, insect and bird control measures and practices. This shall include but not be limited to acceptable methods of odor control and the installation of proper windbreaks.
- O. **Grower** shall provide and maintain sufficient security to limit and reduce problems associated with theft, fire, disease and loss of pigs. This shall include but not be limited to; locked entrance, gates to facility, locked buildings, security light and such other reasonable requests made by **Murphy**.
- P. **Grower** shall dispose of all dead animals in compliance with any and all State, Federal, and/or local laws and ordinances. **Grower** shall first try to dispose of dead animals through a rendering company. If rendering is unavailable and **Grower** buries said dead animals soil tests may be required to be consistent with sound environmental practices. In any event the dead animals shall be disposed of within 24 hours unless regulatory and statutory law should change and allow more time for disposal.
- Q. **Grower** shall maintain all service and/or access roads in a reasonable condition that will enable all service vehicles to operate upon said roadways and or service entrances without causing damage to said vehicles or causing them to be stuck or non-operable because of adverse road conditions. In the event any of said vehicles should require the services of a wrecker as a result of the deteriorated condition of any road or service area, **Grower** agrees to any and all such wrecker bills.
- R. In all cases, **Murphy** will determine the source and sex of the pigs to be placed.

III. COMPENSATION

- A. The amount due to the **Grower** and owed by **Murphy** will be computed and paid quarterly according to an equal quarterly payment designed to provide a total annual payment of thirty-four thousand, five hundred dollars per **Murphy** 1100 facility (\$34,500/1100 facility). These quarterly payments shall be paid on the 15th day of the month providing that the **Grower** has provided **Murphy** with the required documentation in support of animals received, death loss, animals shipped, and feed used.

- B. **Grower** shall be liable for 100% of any inventory shortages. **Murphy** will deduct the value of any missing inventory from the **Grower's** compensation payment. Inventory value will be computed at the greater of cost or market value at the date the shortage is discovered.
- C. In the event of a tornado, fire, wind and or such other casualty which would prevent use of the building, payments shall cease until the building structure is repaired. There is a business interruption insurance policy available for loss of income at **Grower's** option and expense.
- D. All buildings on a site shall be properly cleaned and disinfected in not more than five (5) days after the group is removed. Failure to comply may result in the clean up being contracted to a third party and costs then assessed to **Grower**.
- E. That a bonus compensation will be paid in accordance with the terms and conditions set forth on Exhibit "A" attached for marketable hogs only.

IV. MUTUAL AGREEMENTS:

- A. **Grower** and **Murphy** agree that this agreement shall be in effect and cover a minimum of 10 years. After the minimum number of years is satisfied, this agreement shall renew with each new group placement of additional feeder pigs by **Murphy**. Each renewal shall be in effect and cover one completed group of feeder pigs.
- B. After the required minimum number of years as specified in Paragraph IV., Section A have been satisfied with the **Grower** by **Murphy**, either party on written notice to the other may terminate this agreement. If the **Grower** has a group of feeder pigs at the time of notice of termination, then the agreement will terminate when the group of feeder pigs has been marketed. If the **Grower** does not have a group of feeder pigs at the time of notice of termination, then the agreement will terminate immediately.
- C. In the event of default or breach of contract on the part of the **Grower**, **Murphy** reserves the right to:
 - 1. Give written notice of nonperformance to the **Grower** and require performance by a given date. If upon the specified date the above notice remains unsatisfied, **Murphy** reserves the right to hire the necessary performance task completed by outside party and assess all charges against the **Grower's** quarterly compensation payments.
 - 2. Take over management of the pigs on the **Grower's** premises and deduct all management costs from the **Grower's** compensation payment.
 - 3. Remove all **Murphy** pigs, feed medications, and supplies from the **Grower's** premises. **Grower** will be liable for all cost incurred in the removal and transfer of **Murphy** property.
- D. This agreement shall be binding upon the heirs, executors, administrators, and assigns of the respective parties provided such person is acceptable to **Murphy**. This agreement cannot be changed, modified, or assigned without prior written consent.
- E. In the event any portion of this agreement shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provisions of this agreement is limiting such provision it would become valid, legal and enforceable then such provision shall be deemed to be written,

construed and enforced as so limited, provided that if any Iowa legislative changes prohibit **Murphy** or **Grower** from conducting business under the terms and conditions of this **Contract**, this **Contract** shall become null and void.

- F. **Grower** shall pay on demand all costs and expenses incurred by **Murphy** in enforcing or protecting its rights and remedies hereunder, including, but not limited to, reasonable attorneys' fees and legal expenses.
- G. The parties agree that this agreement is made within the State of Iowa and the Iowa law shall govern any action or dispute arising under this agreement. It is also agreed that the jurisdiction and venue of any dispute shall be resolved in the Iowa District Court for the State of Iowa, Wright County.
- H. **Grower** will raise **Murphy** pigs in his/her facilities located at

xxxxxxxxxx _____	xxxxxxxxxx _____
County	Township
xxxxxxxxxx _____	Iowa _____
Section	State

Legal Description. The legal description of the property that is affected by this agreement is set forth as follows:

I. **Murphy** may assign all rights, title and interest to this Contract.

"MURPHY"
MURPHY FAMILY FARMS

"GROWER"
CONTRACT GROWER

By _____
Dennis Nuetzman

xxxxxxxxxx

Date _____

xxxxxxxxxx

Date _____

STATE OF IOWA, COUNTY OF _____, SS:

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared xxxxxxxxxx, to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that he executed the same as his voluntary act and deed.

NOTARY PUBLIC IN AND FOR THE
STATE OF IOWA

STATE OF IOWA, COUNTY OF _____, SS:

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Dennis Nuetzman, to me personally known, who being by me duly sworn, did say that he is the Midwest Controller, of the corporation executing the within and foregoing instrument to which this is attached, that no seal has been procured by the corporation; that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and that Dennis Nuetzman as officer acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by him voluntarily executed.

NOTARY PUBLIC IN AND FOR THE
STATE OF IOWA

PERSONAL GUARANTEE (CORPORATIONS ONLY):

Contract Grower is a corporation, partnership or association and the undersigned individually and personally guarantees the full performance of the above agreement and agrees to be financially liable for all acts and omissions of the Contract Grower under this agreement.

Guarantor: _____

Date _____

Guarantor: _____

Date _____

STATE OF IOWA, COUNTY OF _____, SS:

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, personally appeared _____ and _____ to me known, who being by me duly sworn, did say that they are the _____ and _____, respectively, of the corporation executing the within and foregoing instrument to which this is attached, that (no seal has been procured by the)(the seal affixed thereto is the seal of the) corporation; that the instrument was signed (and sealed) on behalf of the corporation by authority of its Board of Directors; and that _____ and _____, as officers acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

NOTARY PUBLIC IN AND FOR THE
STATE OF IOWA

4-19-95

1. ACCOUNTING CONTROL GROUP

II. INCENTIVE PAYMENT

EXAMPLE:

DIFF. FROM WGT. AVG. LIV (%)	F/C	.60/% LIVE (%)	.13/PT F/C	TOTAL	RANK INDEX	TOTAL INDEX POINTS	TOTAL BONUS PAYMENT
1.00	0.1340	0.6000	1.7421	2.34	4.66	4976.8800	3213.14
2.53	0.0540	1.5180	0.7021	2.22	4.54	4891.9640	3158.32
1.26	0.0640	0.7560	0.8321	1.59	3.91	4163.7960	2688.20
-1.45	0.1040	-0.8700	1.3521	0.48	2.80	2906.4000	1876.41
-0.37	0.0540	-0.2220	0.7021	0.48	2.80	2935.1020	1894.94
-1.34	0.0040	-0.8040	0.0521	-0.75	1.57	1633.3380	1054.51
-1.25	-0.0059	-0.7500	-0.0779	-0.83	1.49	1557.0500	1005.25
-0.21	-0.0659	-0.1260	-0.8579	-0.98	1.33	1396.6980	901.73
0.48	-0.1959	0.2880	-2.5479	-2.26	0.06	61.9440	40.00
-0.70	-0.1459	-0.4200	-1.8979	-2.32	0.00	0.0000	0.00
						24523.172	\$15,832.50
BONUS POOL @ \$1.50 PER HOG SOLD			\$15,832.50				
			VALUE/POINT				
							\$0.646

0.01 POINTS OF FEED CONVERSION = 0.13